

Presentation Q3 2010



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Oslo November 9th 2010

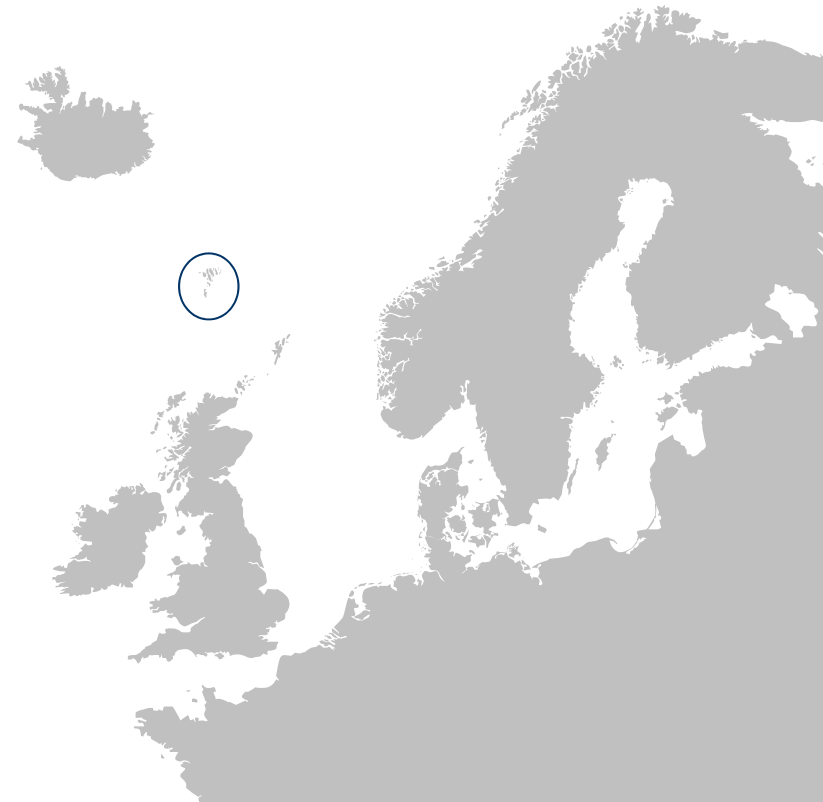
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Faroe Islands



- 18 islands - 1,400 km²
- 48,600 inhabitants
- Self-governing part of the Kingdom of Denmark
- Part of the Danish monetary union
- Key sectors (% of wage earners, 2008)
 - Service/public admin.: 35%
 - Private service: 33%
 - Fishing industry: 18%
- GDP: DKK 12.4 bn (2008)
- GDP/capita: DKK 255,000 (EU: 187,000) (2008)
- Corporate Tax: 18%

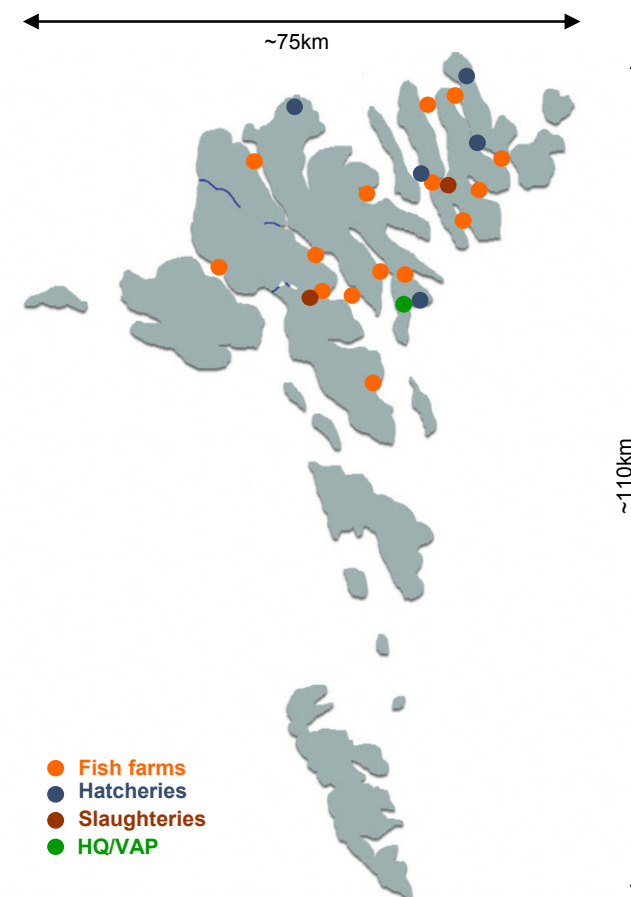




BAKKA Frost

BakkaFrost – The largest fish farming company in the Faroe Islands

- **Largest salmon farming company in the Faroe Islands**
 - ~44 % of harvest volumes (Q3 2010)
 - ~36 % of existing licenses (31.10.2010)
- **Vestlax was merged into BakkaFrost 1 January 2010**
- **Produced a total of 4,048 gwt in Q3 2010 (6,815 tonnes gwt in 2009)**
- **Revenues DKK 178 million in Q3 2010 (Q3-2009 DKK 228 million)**
- **Operational EBIT* DKK 47 million in Q3 2010 (Q3-2009 of DKK 51 million)**



* Aligned for fair value adjustment of biomass, onerous contracts provisions and costs related to the listing of the company on Oslo Børs.

Faroe Islands: Excellent conditions for cost effective farming

Geography

- Faroese fjords provide separation between locations
- Improves biological control and area management

Water

- Stable water temperatures throughout the year between 6-12 degrees Celsius
- Excellent water quality and circulation conditions

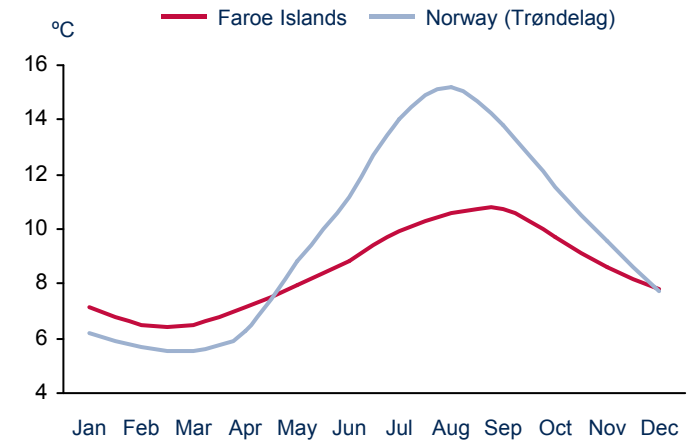
Location

- Efficient distribution to both the European- and US markets

Biomass

- Biological sustainability setting the biomass target per license

Average water temperatures 2002-2008



Source: Company material, Havforskningsinstituttet



Summary Q3 2010

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Market

- Strong demand and high market prices
- Favourable spot prices start to be passed on into VAP contracts

Strategy

- Planned operational changes on track
- Trout phased out

Financial

- Strong financial position and good outlook
- Strong performance
- More investor friendly dividend policy declared

Biology

- Biological and operational performance – to be further improved due to better capacity utilisation
- Estimated smolt releases in 2010 increased from 7 million to 7.9 million

Outlook

- Volume in 2010 expected to 23,000 tonnes gutted weight and 35,000 tonnes in 2011. Harvest to be ramped up in Q4-2010
- We expect the market to be strong with a high price level both on spot and VAP.

Dividend Policy

- **Dividend policy**
 - **Bakka Frost aims to give its shareholders a competitive return on their investment, both through payment of dividends from the Company and by securing an increase in the value of the equity through positive operations. Generally, the company should pay dividends to its shareholders, but it is the responsibility of the Board of Directors to make an overall assessment in order to secure the company a healthy capital base, both for daily operations and for a healthy future growth of the company.**
- **Clarification on dividend**
 - **The Board of Directors has decided to propose to the Annual General Meeting that if no M&As have taken place before the next Annual General Meeting, a high share of the earnings per share (EPS) from 2010 will be paid out as dividend.**

It is the Board of Directors view that 30–50% of EPS shall be paid out as dividend when the Group's equity ratio is above 60%. At the end of 3Q 2010, the equity ratio was 73%.

Largest Shareholders

10 Largest shareholders

SalMar ASA	21.76%
Havsbrún P/F	16.71%
Jacobsen, Hans	9.40%
Jacobsen, Jóhan Regin	9.19%
Danske Bank a/s	5.51%
JPMorgan Chase Bank	4.60%
JPMPLSA, Nordea Lux	2.14%
Royndin p/f	1.90%
Morgan Stanley	1.55%
Pareto Securities	1.53%

Total share 10 largest shareholders 74.29%

Total share 20 largest shareholders 84.61%

As per November 4th 2010



Financial Highlights Group

- **Strong profit based on good performance**

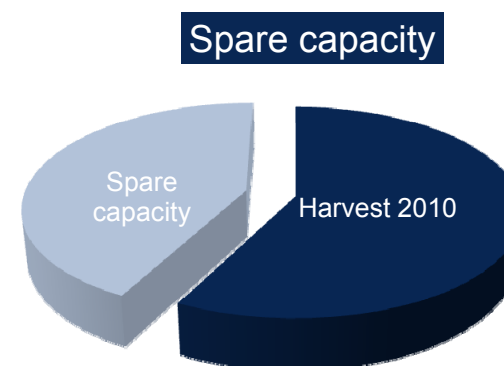
- Strong market drives prices and margins up to record high levels
- Very strong performance in West
- Optimization of biology, production and markets hampered by low volumes – will be improved from Q4 2010

- Good margins in farming despite low harvested quantity in Q3 2010
- VAP 62% of whole fish and 61% of sales to be reduced from Q4 2010
- Spare capacity to be better utilized from 2011

	Q3 2010	Q3 2009 Proforma
(NOK)		

Farming:

	<u>North</u>	<u>West</u>	<u>North</u>	<u>West</u>
EBIT* NOK/kg gwt	14.22	20.81	8.90	8.40
Harvested volumes 1000 [gwt]	3,133	915	4,069	2,745



* Aligned for fair value adjustment of biomass, onerous contracts provisions and costs related to the listing of the company on Oslo Børs.

Key Financials, Group

- **Cash flow in Q3 2010 used to finance increase in biomass**
 - Seasonable
 - Increased production
- **Low interest bearing debt**
- **High equity ratio**

<i>(DKKm)</i>	Q3 2010	2009 Proforma
Cash flow from operations	-12	298
Total assets	1,080	1,004
NIBD	80	251
Equity ratio	73%	57%

SEGMENT INFORMATION



Segments Farming

- Strong operating results
 - High prices on salmon and trout
 - Good biological and operating performance
- Revenues down 25% in Q3 2010 compared with Q3 2009 but at significantly improved operational margin
 - Harvested volumes reduced by 41%, but higher prices compensate

(DKKm)	Q3 2010	Q3 2009 Proforma
Operating revenues	158	212
Operational EBIT*	59	60
Operational EBIT margin	37.3%	28.3%

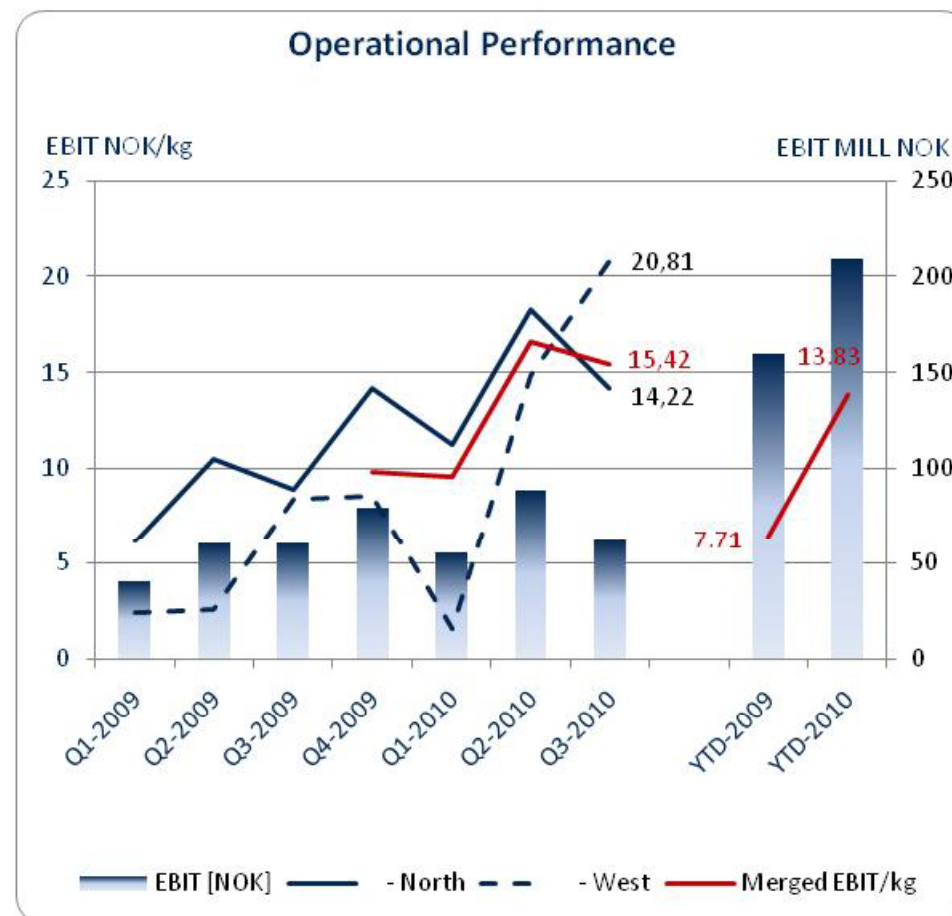
* EBIT aligned for fair value adjustment of biomass and costs related to the listing of the company on Oslo Børs.



Farming

- Operational Performance

- Operational EBIT* /kg and margin on high level
 - Hampered due to limited flexibility caused by high contract (VAP) share
- West obtained record high margin in Q3-2010
 - Good biological performance



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Farming

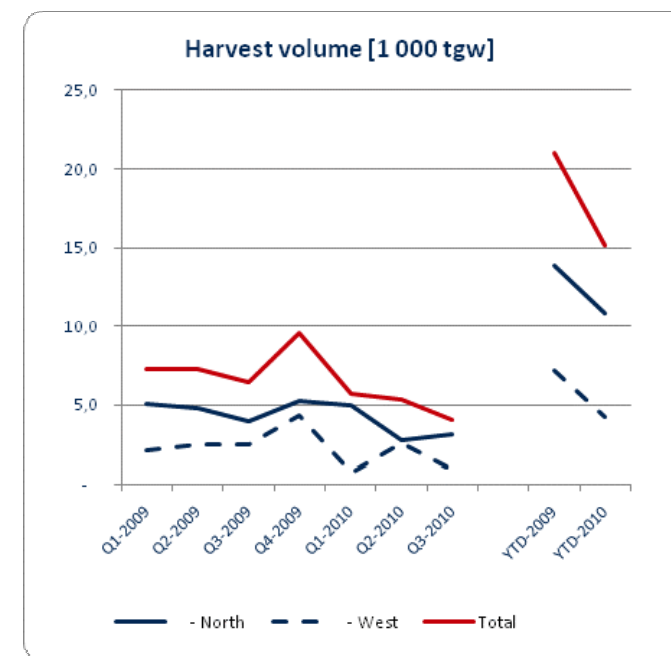
- Harvest Volume [1,000 tonnes gwt]

■ Harvested volume

- 41% reduction in Q3 2010 compared with Q3 2009
- Harvested volumes will increase from Q4 2010. Estimated quantity for 2010 23,000 tonnes gwt
- Forecast for 2011 35,000 tonnes gwt

[tonnes gwt]	Q3 2010	Q3 2009	YTD 2010	YTD 2009
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West	915	2,745	4,278	7,653
North	3,133	4,069	10,855	14,061

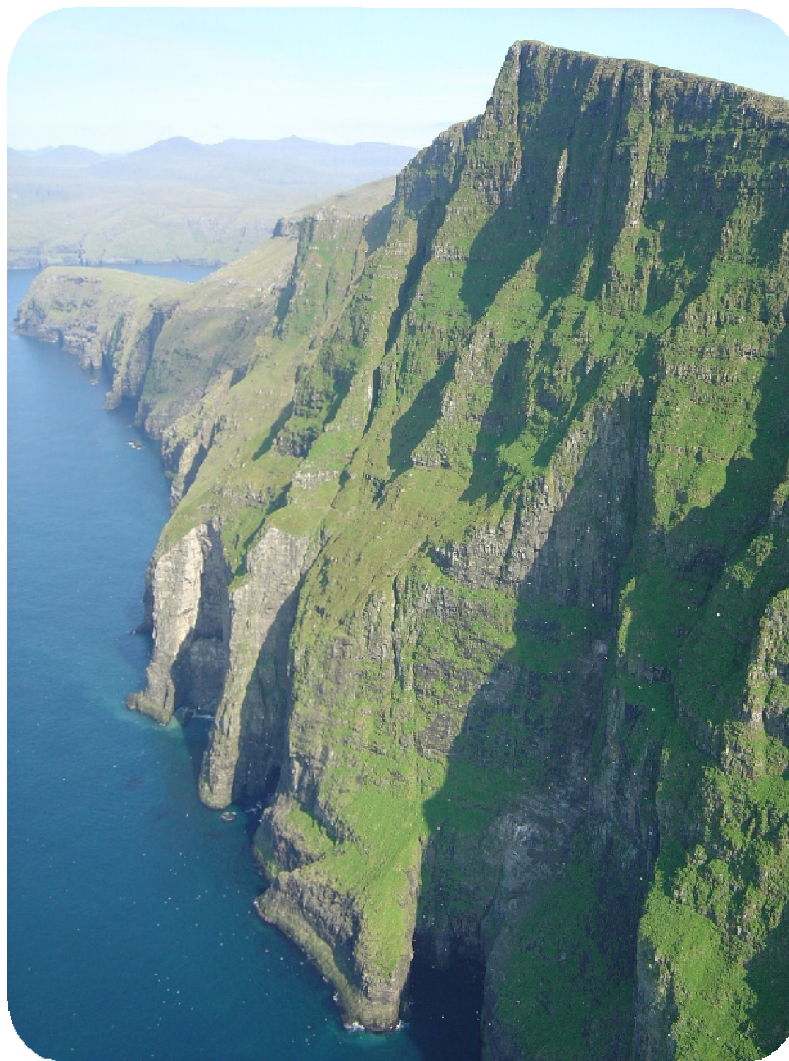


Segments VAP

- Operating revenue increase by 32%
- Volume decreased by 9% in Q3 2010 compared with Q3 2009, but offset at 45% higher price level
- Focus on efficient VAP production
- VAP challenged by high raw material prices
- Time lag between spot prices and contract prices
- Favourable spot prices start to be passed on into VAP contracts

(DKKm)	Q3 2010	Q3 2009 Proforma
Operating revenues	108	82
Operational EBIT*	-11	-9
Price index	145	100

* EBIT aligned for onerous contracts provision



GROUP FINANCIALS

Group Profit and Loss

	(DKKm)	Q3 2010	Q3 2009 Proforma	M9 2010	M9 2009 Proforma	2009 Proforma
■ Revenues decreased by 22% but volumes decreased by 41% - strong market	Operating revenues	177.7	228.4	567.7	657.4	921.7
	Purchase of goods	-112.0	-102.0	-206.4	-234.9	-272.6
	Change in inventory and biological assets (at cost)	64.0	9.6	47.7	-60.2	-105.7
■ Operating EBIT close to same level despite decrease in volumes	Salary and personnel exp.	-27.0	-29.4	-87.9	-88.6	-123.9
	Other op. revenue	0	0	0	9.5	9.5
	Other op. expenses	-44.9	-45.5	-133.6	-129.0	-186.7
	Income from associates	0	0	0	0	0.7
■ Reduced interest costs	Depreciation	-10.5	-10.2	-31.1	-28.9	-38.1
	Operating EBIT	47.3	50.9	156.4	125.3	204.9
■ EPS DKK 1.35 in Q3 2010	Fair value adj.	12.4	-27.1	40.4	26.9	34.5
	Onerous contr.	22.9	23.6	-0.9	0	0
	Listing costs	-0.1	0	-12.8	0	0
	EBIT	82.5	47.4	183.1	152.2	239.3
	Financial items	-1.9	-9.3	-6.4	-29.4	-38.2
	EBT	80.6	38.1	176.7	122.8	201.1
	Taxes	-14.5	-7.5	-31.8	-19.7	-36.3
	Profit for the period	66.1	30.6	144.9	103.1	164.8

Balance Sheet – as per 30 September 2010

- Investments in PPE to carry out the organic growth
- Building up biomass as planned
- Reduced NIBD significantly
- Strong balance sheet - NIBD/Equity 10%

	30 Sept. 2010	End 2009 Proforma
(DKKm)		
Intangible assets	136.2	136.2
Property, plant and equipment	350.2	331.1
Financial assets	16.3	16.4
Long term receivables	0.7	0.5
Biological assets	410.3	329.9
Inventory	29.2	24.9
Receivables	118.0	129.3
Cash and cash equivalents	18.6	35.7
Total Assets	1,079.6	1,003.9
Equity	786.8	573.3
Deferred and other taxes	111.6	70.6
Long term interest bearing debt	41.5	71.4
Short term interest bearing debt	57.5	215.2
Account payables	82.2	73.4
Total Equity and liabilities	1,079.6	1,003.9

Cash Flow – for Q3 2010

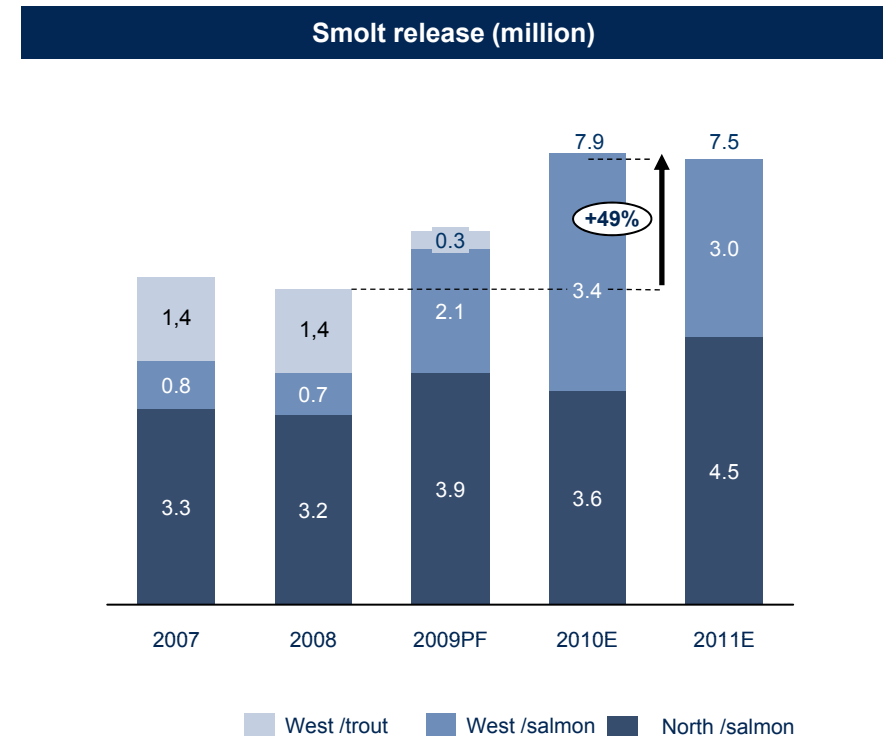
- Cash flow used to build up biomass to new level and to investments
- Strong liquidity – DKK 330M of undrawn facilities

	Q3 2010	M9 2010	2009 Proforma
(DKK M)			
Operating profit	82.5	183.1	239.3
Cash flow from operations	-12.4	111.9	298.1
Cash flow from investments	-10.4	-50.5	-39.6
Cash flow from financing	16.4	-78.4	-234.7
Net change in cash	-6.4	-17.0	23.7
Cash at the end of the period	18.6	18.6	35.7

- **A strong market with reduced supply leads to high price level**
- **Higher contract prices will materialize in 4Q 2010**
- **Harvested volumes will increase from Q4 2010. Expect to harvest 23,000 tonnes gwt in 2010 and 35,000 tonnes gwt in 2011.**
- **Continue to pursue opportunities - organic and M&A - in the coming years**
- **Maintain focus on a healthy biological environment**
- **Building up biomass**

Strong expected volume growth in existing licenses

- Increased guidance of smolt release in 2010 from 7.0 million to 7.9 million
- Expects to release 49% more smolt in 2010 than 2008
- No absolute biomass restrictions
- Today trout has been phased out





BAKKAFROST

ESTABLISHED 1968